



STATE OF WASHINGTON
WASHINGTON STATE LIQUOR CONTROL BOARD

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March 8, 2000

TO: Manufacturer's, Importers, and Wholesalers (MIW's)

FROM: Fay Bronson, Deputy Director
Financial Services

RE: Upcoming Beer/Wine Tax Reporting Changes

On November 29, 1999, the Liquor Control Board (LCB) staff invited all MIW representatives to a public meeting to discuss streamlining the Beer/Wine Tax reporting process. At this meeting we also discussed changing our existing Washington Administrative Code (WAC) rules for beer/wine tax reporting whereby the tax liability would be shifted in-state for all MIW licensees. Currently the beer tax liabilities are different than the wine. This WAC change would make both beer/wine tax reporting liabilities the same. We hope to have the WAC approved sometime in the next few months.

LCB would eliminate the 100% every year audit requirement of all MIW's. The audit frequency for most licensees will be extended and based on a risk assessment and record keeping requirements. MIW licensees would be required to always maintain the last two years records onsite and MIW licensees would be required to provide all the supporting documentation for figures on the beer/wine tax reporting forms. The auditor's role would change to be the primary contact for beer/wine tax reporting questions pertaining to the forms. They would help train your staff and answer questions in order to alleviate mistakes early on.

Another item discussed was using the Internet for tax reporting and allowing Electronic Fund Transfers (EFT) of taxes. Before Internet reporting and EFT's can become a reality, it was important that the LCB, along with it's MIW customers review the current tax reporting forms and processes and develop the new reporting criteria. Meeting attendees were asked to sign up and help work on a task force to review the beer/wine tax reporting forms.

We had several people sign up. Task Force members consisted of distributors, breweries, and wineries, as well LCB staff who work with beer/wine tax reporting forms. Meetings were held February 1, 8, and 16 to re-work the forms. Consequently, we have significantly reduced the number of tax reporting forms as well as streamlined the current information.

Our plan is to have the revised forms available for use as soon as possible and to implement them fully by the June 20 reporting date.

PLAINTIFF'S EXHIBIT	
CASE NO.	CV04-0360P
EXHIBIT NO.	164

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Current task force members will beta test the new forms with existing information to ensure accuracy. All forms will be made available on the Internet for downloading into Microsoft Excel. LCB will accept electronic copies of these forms via e-mail in lieu of paper forms. The forms will have all applicable

formulas in order to alleviate current calculation errors. Another significant change, is all wine forms will report using *liters instead of gallons*.

After the forms have been beta tested by the existing task force, it is our intention to hold some training meetings around the state to help everyone understand the new forms. There will, of course, still be questions from our customers that we did not anticipate, so we will revise processes as necessary in order to ensure a smooth transition for everyone.

None of this would have been possible without the help of our customers. I want to thank everyone who worked on this task force. Copies of the new forms will be available the later part of March on the Price Posting site for downloading to review and provide further comments. This will be a work in progress for the next few weeks, so your comments will be appreciated.

We would like to hear from you. Please call me you have questions or concerns at (360) 664-1673.

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